



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Approve Letter of Support for Restoration of Proposition 42 Transportation Funding

MEETING DATE: May 18, 2005

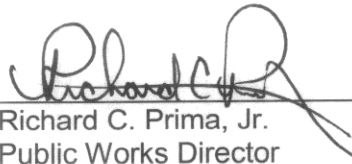
PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council approve a letter to the State Governor's Office and our legislators supporting the Governor's recommendation for restoration of Proposition 42 transportation funding.

BACKGROUND INFORMATION: The attached material from the League of California Cities describes the background material on this subject. Staff supports this funding as approved by the voters and recommends that a letter be sent to our area legislators and a similar letter be sent to the Governor's Office thanking them for their support.

FISCAL IMPACT: Increase in road maintenance funds if implemented.

FUNDING AVAILABLE: Not applicable.


Richard C. Prima, Jr.
Public Works Director

RCP/pmf

Attachments

cc: League of California Cities – Debbie Olsen
San Joaquin Council of Governments

APPROVED: 
Blair King, City Manager



1400 K Street, Suite 400 • Sacramento, California 95814
Phone: 916.658.8200 Fax: 916.658.8240
www.cacities.org

FOR IMMEDIATE RELEASE

May 11, 2005

Contact: Megan Taylor, 916.658.8228
Cell, 916.705.6679

League of California Cities' Statement
In Response to Governor's Announcement to Fully Fund Proposition 42
(Transportation Funding)

Sacramento, CA- "The League of California Cities thanks Governor Schwarzenegger for his leadership, and for his commitment to work with California cities to help build and maintain the state's vitally important transportation infrastructure."

"Full funding of Prop 42 is the right decision for the millions of Californians who need and support repairs to the state's badly stressed transportation system, including local streets and roads," said League President Pat Eklund, councilmember in the city of Novato. "It will be good for the economy, and very good for the people of California."

"In 2002, 69 percent of voters approved Prop 42, expressing their support for dedicating the more than \$1 billion per year in sales tax on gasoline to state and local transportation programs. The diversion of these funds over the past two years has directly cost cities and counties approximately \$382 million that the voters intended for local street and road repairs. Additional amounts have been diverted from public transit and state transportation programs. It has added to the daily misery of millions of Californians stuck in traffic on inadequate and poorly maintained streets and roads, or poorly served by existing transit systems.

"Local streets and roads urgently need repairs. The most recent statewide survey of city and county needs for the local system was from the SR 8 (Burton) report, done in 1999. This report found an existing backlog of \$11 billion in needed repairs, which was estimated to increase by \$400 million a year – **a \$13 billion deficit today.**"

League Executive Director Chris McKenzie said: "The governor has once again proven that he understands and values the role that local governments play in providing the services that Californians need, and upon which the health of our communities depend. California cities appreciate and value the partnership with this governor. "

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Proposition 42 Fact Sheet

In 2002, 69 percent of voters approved Proposition 42. This measure dedicated the sales tax on gasoline to transportation programs. Funds were to be allocated on a 40/40/20 split, with 40 percent available to cities and counties for street and road maintenance (split 50-50); 40 percent to the State Transportation Improvement Projects (STIP); and 20 percent to transit systems.

The amounts at stake are substantial: sales taxes on gasoline produce \$1 billion or more annually – an estimated \$1.3 billion in FY 2005-06.

Prop 42 allows these funds to be transferred to the state general fund and appropriated for non-transportation purposes during times when the state was in fiscal difficulty. The funds have been transferred to the state general fund in each of last two fiscal years since Prop 42 passed:

- Since Proposition 42 went into effect, transportation funding has received only 12 percent of the \$2.4 billion anticipated; the bulk of Proposition 42 dollars have been diverted to the state general fund to cover other, non-transportation programs.
- In FY 2003-04, cities and counties lost \$188 million in maintenance funding – their direct share of total \$1.123 billion sales tax on gasoline. In FY 2004-05, the city/county maintenance funding loss was \$194 million, out of \$1.1 billion in sales taxes on gasoline.
- Cities have been affected negatively in recent years by the reduction in Prop 42 funding for state transportation projects and public transit.

For FY 2005-06, sales tax on gasoline is projected to be \$1.3 billion or higher due to recent price increases in gasoline. The governor's January budget proposed to continue the transfer in FY 2005-06. Further, the governor has indicated his interest in a further transfer in FY 2006-07, followed by his support for a constitutional amendment to make additional transfers more difficult, and repayment of the last two years' transfer (without interest) over a 15-year period.

If the proposed FY 2005-06 transfer were enacted in the final budget, cities and counties would lose an estimated \$253 million (or more) in needed transportation maintenance money.

CITY COUNCIL

JOHN BECKMAN, Mayor
SUSAN HITCHCOCK
Mayor Pro Tempore
LARRY D. HANSEN
BOB JOHNSON
JOANNE L. MOUNCE

CITY OF LODI
PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6706
FAX (209) 333-6710
EMAIL pwdept@lodi.gov
<http://www.lodi.gov>

BLAIR KING

City Manager

SUSAN J. BLACKSTON

City Clerk

D. STEVEN SCHWABAUER

City Attorney

RICHARD C. PRIMA, JR.

Public Works Director

May 12, 2005

League of California Cities
Debbie Olsen
1400 K Street, Ste. 400
Sacramento, CA 95814

San Joaquin Council of Governments
555 E. Weber Avenue
Stockton, CA 95202

SUBJECT: Approve Letter of Support for Restoration of Proposition 42 Transportation Funding

Enclosed is a copy of background information on an item on the City Council agenda of Wednesday, May 18, 2005. The meeting will be held at 7 p.m. in the City Council Chamber, Carnegie Forum, 305 West Pine Street.

This item is on the consent calendar and is usually not discussed unless a Council Member requests discussion. The public is given an opportunity to address items on the consent calendar at the appropriate time.

If you wish to write to the City Council, please address your letter to City Council, City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's card (available at the Carnegie Forum immediately prior to the start of the meeting) and give it to the City Clerk. If you have any questions about communicating with the Council, please contact Susan Blackston, City Clerk, at (209) 333-6702.

If you have any questions about the item itself, please call me at (209) 333-6759.

P. Farria

for: Richard C. Prima, Jr.
Public Works Director

RCP/pmf

Enclosure

cc: City Clerk

CITY COUNCIL

JOHN BECKMAN, Mayor
SUSAN HITCHCOCK
Mayor Pro Tempore
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CITY OF LODI

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City Attorney

RICHARD C. PRIMA, JR.

Public Works Director

June 1, 2005

Governor's Office
State Capitol Building
Sacramento, CA 95814

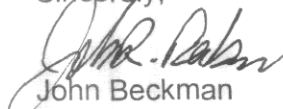
SUBJECT: Proposition 42 Transportation Funding

The City Council of the City of Lodi thanks you for your budget proposal to restore Proposition 42 transportation funding as approved by the voters in 2002.

The City of Lodi provides road maintenance and construction within the City and transit services to the greater Lodi area. Both activities are experiencing a shortage of funds to meet the needs of the public. We have nearly doubled our transit fares to help make ends meet while maintaining service levels. As State funding for road improvement projects has essentially been stopped, our Metropolitan Transportation Organization – the San Joaquin Council of Governments – has shifted funding to State Highways and other regionally significant roadways, thus reducing funds available for local roadway maintenance and improvement projects.

The promised funding from Proposition 42 – which the City has yet to see – is approximately \$200,000 per year, which represents approximately 15% of our normal roadway maintenance funds from gas tax apportionments. Clearly, this is a significant impact to the public, and we urge you to keep faith with the voters who approved this measure.

Sincerely,


John Beckman
Mayor

JB/RCP/pmf

cc: San Joaquin Council of Governments
Debbie Olson, League of California Cities
Public Works Department

CITY COUNCIL

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SUSAN J. BLACKSTON
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D. STEPHEN SCHWABAUER
City Attorney
RICHARD C. PRIMA, JR.
Public Works Director

June 1, 2005

State Assemblyman Alan S. Nakanishi
218 W. Pine Street
Lodi, CA 95240

SUBJECT: Proposition 42 Transportation Funding

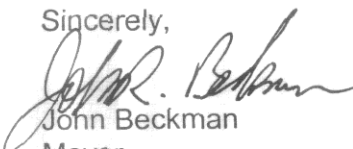
The City Council of the City of Lodi urges you to support restoration of Proposition 42 transportation funding as approved by the voters in 2002. Specifically, we ask that you:

- Support the full application of revenue from sales tax on gasoline for transportation purposes as provided in Proposition 42, including for local street and road maintenance and public transit, consistent with the current Proposition 42 allocation formula
- Support a permanent and protected shift of the sales tax on gasoline for transportation purposes
- Support an obligated repayment of previously suspended Proposition 42 funds with interest

The City of Lodi provides road maintenance and construction within the City and transit services to the greater Lodi area. Both activities are experiencing a shortage of funds to meet the needs of the public. We have nearly doubled our transit fares to help make ends meet while maintaining service levels. As State funding for road improvement projects has essentially been stopped, our Metropolitan Transportation Organization – the San Joaquin Council of Governments – has shifted funding to State Highways and other regionally significant roadways, thus reducing funds available for local roadway maintenance and improvement projects.

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City Attorney

RICHARD C. PRIMA, JR.

Public Works Director

June 1, 2005

State Senator Charles Poochigian
4974 E. Clinton, Ste. 100
Fresno, CA 93727

SUBJECT: Proposition 42 Transportation Funding

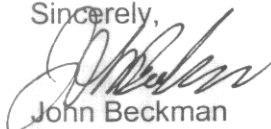
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